

25X1

23 July 1958

NSC BRIEFING

INDONESIA

25X1

V. American investments in Sumatra now threatened by both dissidents and Commies.

A. Although dissident attacks on rubber estates in North Sumatra stopped recently, dissident leaders known to favor "scorched earth" tactics to deny Djakarta essential revenues. All-out campaign would also be directed at oil industry.

State Department review completed

B. Commie-dominated estate workers' union has threatened American rubber estates if US forces do not leave Lebanon.

1. Commie sabotage would probably also spread to US petroleum installations.

25X1

VII. Sukarno and Ambassador Jones had long inconclusive talk on Monday ranging from Middle East to Communism in Indonesia.

A. Sukarno began talk by saying, "Trouble, trouble, trouble."

B. Sukarno said continuation of B-26 attacks had pretty well wiped out recent improvement "psychological situation" between US and Indonesia.

C. Main Sukarno theme was that he was aware of PKI political threat, but that in long run non-Commies would triumph.

D. When Jones pointed out that time running out, and who would deal with interim contingencies, Sukarno pointed to self and said, "I and the military."

E. Sukarno also said he "could change Indonesia's attitude toward US overnight" if US would support Indonesia's claim to West Irian, which he noted "is an obsession with me."

Approved For Release 2003/10/01 : CIA-RDP79R00890A001000030010-2

25X1

Approved For Release 2003/10/01 : CIA-RDP79R00890A001000030010-2